

1949—Act Oct. 28, 1949, substituted “Classification Act of 1949” for “Classification Act of 1923”.

Act Aug. 25, 1949, inserted requirement that officers and employees be appointed subject to civil service laws and regulations, and exempted personnel paid by hour, day, or month when employed, and county crop-insurance committeemen from civil-service laws and regulations or the Classification Act of 1923.

1947—Act Aug. 1, 1947, provided for selection and designation of county employees and agencies and their direct responsibility.

EFFECTIVE DATE OF 1994 AMENDMENT

Amendment by Pub. L. 103-354 effective Oct. 13, 1994, and applicable to provision of crop insurance under Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) beginning with 1995 crop year, with such Act, as in effect on the day before Oct. 13, 1994, to continue to apply with respect to 1994 crop year, see section 120 of Pub. L. 103-354, set out as a note under section 1502 of this title.

EFFECTIVE DATE OF 1980 AMENDMENT

Amendment by Pub. L. 96-365 effective Sept. 26, 1980, see section 112 of Pub. L. 96-365, set out as a note under section 1504 of this title.

REPEALS

Act Oct. 29, 1949, ch. 782, cited as a credit to this section, was repealed (subject to a savings clause) by Pub. L. 89-554, Sept. 6, 1966, § 8, 80 Stat. 632, 655.

TRANSFER OF FUNCTIONS

Administration of program of Federal Crop Insurance Corporation transferred to Secretary of Agriculture by 1946 Reorg. Plan No. 3, § 501, eff. July 16, 1946, 11 F.R. 7877, 60 Stat. 1100. See note set out under section 1503 of this title.

Wartime consolidation of Federal Crop Insurance Corporation into Agricultural Conservation and Adjustment Administration, see note set out under section 1503 of this title.

§ 1508. Crop insurance

(a) Authority to offer insurance

(1) In general

If sufficient actuarial data are available (as determined by the Corporation), the Corporation may insure, or provide reinsurance for insurers of, producers of agricultural commodities grown in the United States under 1 or more plans of insurance determined by the Corporation to be adapted to the agricultural commodity concerned. To qualify for coverage under a plan of insurance, the losses of the insured commodity must be due to drought, flood, or other natural disaster (as determined by the Secretary).

(2) Period

Except in the cases of tobacco and potatoes, insurance shall not extend beyond the period during which the insured commodity is in the field. As used in the preceding sentence, in the case of an aquacultural species, the term “field” means the environment in which the commodity is produced.

(3) Exclusions

Insurance provided under this subsection shall not cover losses due to—

- (A) the neglect or malfeasance of the producer;
- (B) the failure of the producer to reseed to the same crop in such areas and under such

circumstances as it is customary to reseed; or

- (C) the failure of the producer to follow good farming practices (as determined by the Secretary).

(4) Expansion to other areas or single producers

(A) Area expansion

The Corporation may offer plans of insurance or reinsurance for production of agricultural commodities in the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau in the same manner as provided in this section for production of agricultural commodities in the United States.

(B) Producer expansion

In an area in the United States or specified in subparagraph (A) where crop insurance is not available for a particular agricultural commodity, the Corporation may offer to enter into a written agreement with an individual producer operating in the area for insurance coverage under this chapter if the producer has actuarially sound data relating to the production by the producer of the commodity and the data is acceptable to the Corporation.

(5) Dissemination of crop insurance information

The Corporation shall make available to producers through local offices of the Department—

- (A) current and complete information on all aspects of Federal crop insurance; and
- (B) a listing of insurance agents and companies offering to sell crop insurance in the area of the producers.

(6) Addition of new and specialty crops

(A) Data collection

Not later than 180 days after October 13, 1994, the Secretary shall issue guidelines for publication in the Federal Register for data collection to assist the Corporation in formulating crop insurance policies for new and specialty crops.

(B) Addition of new crops

Not later than 1 year after October 13, 1994, and annually thereafter, the Corporation shall report to Congress on the progress and expected timetable for expanding crop insurance coverage under this chapter to new and specialty crops.

(C) Addition of direct sale perishable crops

Not later than 1 year after October 13, 1994, the Corporation shall report to Congress on the feasibility of offering a crop insurance program designed to meet the needs of specialized producers of vegetables and other perishable crops who market through direct marketing channels.

(D) Addition of nursery crops

Not later than 2 years after April 4, 1996, the Corporation shall conduct a study and

limited pilot program on the feasibility of insuring nursery crops.

(b) Catastrophic risk protection

(1) In general

The Corporation shall offer a catastrophic risk protection plan to indemnify producers for crop loss due to loss of yield or prevented planting, if provided by the Corporation, when the producer is unable, because of drought, flood, or other natural disaster (as determined by the Secretary), to plant other crops for harvest on the acreage for the crop year.

(2) Amount of coverage

(A) In general

Subject to subparagraph (B)—

(i) in the case of each of the 1995 through 1998 crop years, catastrophic risk protection shall offer a producer coverage for a 50 percent loss in yield, on an individual yield or area yield basis, indemnified at 60 percent of the expected market price, or a comparable coverage (as determined by the Corporation); and

(ii) in the case of each of the 1999 and subsequent crop years, catastrophic risk protection shall offer a producer coverage for a 50 percent loss in yield, on an individual yield or area yield basis, indemnified at 55 percent of the expected market price, or a comparable coverage (as determined by the Corporation).

(B) Reduction in actual payment

The amount paid to a producer on a claim under catastrophic risk protection may reflect a reduction that is proportional to the out-of-pocket expenses that are not incurred by the producer as a result of not planting, growing, or harvesting the crop for which the claim is made, as determined by the Corporation.

(3) Yield and loss basis

A producer shall have the option of basing the catastrophic coverage of the producer on an individual yield and loss basis or on an area yield and loss basis, if both options are offered by the Corporation.

(4) Sale of catastrophic risk coverage

(A) In general

Catastrophic risk coverage may be offered by—

(i) approved insurance providers, if available in an area; and

(ii) at the option of the Secretary that is based on considerations of need, local offices of the Department.

(B) Need

For purposes of considering need under subparagraph (A)(ii), the Secretary may take into account the most efficient and cost-effective use of resources, the availability of personnel, fairness to local producers, the needs and convenience of local producers, and the availability of private insurance carriers.

(C) Delivery of coverage

(i) In general

In full consultation with approved insurance providers, the Secretary may con-

tinue to offer catastrophic risk protection in a State (or a portion of a State) through local offices of the Department if the Secretary determines that there is an insufficient number of approved insurance providers operating in the State or portion of the State to adequately provide catastrophic risk protection coverage to producers.

(ii) Coverage by approved insurance providers

To the extent that catastrophic risk protection coverage by approved insurance providers is sufficiently available in a State (or a portion of a State) as determined by the Secretary, only approved insurance providers may provide the coverage in the State or portion of the State.

(iii) Timing of determinations

Not later than 90 days after April 4, 1996, the Secretary shall announce the results of the determinations under clause (i) for policies for the 1997 crop year. For subsequent crop years, the Secretary shall make the announcement not later than April 30 of the year preceding the year in which the crop will be produced, or at such other times during the year as the Secretary finds practicable in consultation with affected crop insurance providers for those States (or portions of States) in which catastrophic coverage remains available through local offices of the Department.

(iv) Current policies

This clause shall take effect beginning with the 1997 crop year. Subject to clause (ii) all catastrophic risk protection policies written by local offices of the Department shall be transferred to the approved insurance provider for performance of all sales, service, and loss adjustment functions. Any fees in connection with such policies that are not yet collected at the time of the transfer shall be payable to the approved insurance providers assuming the policies. The transfer process for policies for the 1997 crop year with sales closing dates before January 1, 1997, shall begin at the time of the Secretary's announcement under clause (iii) and be completed by the sales closing date for the crop and county. The transfer process for all subsequent policies (including policies for the 1998 and subsequent crop years) shall begin at a date that permits the process to be completed not later than 45 days before the sales closing date.

(5) Administrative fee

(A) Basic fee

Each producer shall pay an administrative fee for catastrophic risk protection in an amount equal to 10 percent of the premium for the catastrophic risk protection or \$50 per crop per county, whichever is greater, as determined by the Corporation.

(B) Additional fee

In addition to the amount required under subparagraph (A), the producer shall pay a

\$10 fee for each amount determined under subparagraph (A).

(C) Time for payment

The amounts required under subparagraphs (A) and (B) shall be paid by the producer on the date that premium for a policy of additional coverage would be paid by the producer.

(D) Use of fees

(i) In general

The amounts paid under this paragraph shall be deposited in the crop insurance fund established under section 1516(c) of this title, to be available for the programs and activities of the Corporation.

(ii) Limitation

No funds deposited in the crop insurance fund under this subparagraph may be used to compensate an approved insurance provider or agent for the delivery of services under this subsection.

(E) Waiver of fee

The Corporation shall waive the amounts required under this paragraph for limited resource farmers, as defined by the Corporation.

(6) Participation requirement

A producer may obtain catastrophic risk coverage for a crop of the producer on land in the county only if the producer obtains the coverage for the crop on all insurable land of the producer in the county.

(7) Eligibility for Department programs

(A) In general

Effective for the spring-planted 1996 and subsequent crops (and fall-planted 1996 crops at the option of the Secretary), to be eligible for any payment or loan under the Agricultural Market Transition Act [7 U.S.C. 7201 et seq.], for the conservation reserve program, or for any benefit described in section 2008f of this title, a person shall—

(i) obtain at least the catastrophic level of insurance for each crop of economic significance in which the person has an interest; or

(ii) provide a written waiver to the Secretary that waives any eligibility for emergency crop loss assistance in connection with the crop.

(B) “Crop of economic significance” defined

As used in this paragraph, the term “crop of economic significance” means a crop that has contributed, or is expected to contribute, 10 percent or more of the total expected value of all crops grown by the producer.

(8) Limitation due to risk

The Corporation may limit catastrophic risk coverage in any county or area, or on any farm, on the basis of the insurance risk concerned.

(9) Transitional coverage for 1995 crops

Effective only for a 1995 crop planted or for which insurance attached prior to January 1,

1995, the Corporation shall allow producers of the crops until not later than the end of the 180-day period beginning on the date of enactment of the Federal Crop Insurance Reform Act of 1994 [Oct. 13, 1994] to obtain catastrophic risk protection for the crop. On enactment of such Act, a producer who made timely purchases of a crop insurance policy before the date of enactment of such Act, under the provisions of this chapter then in effect, shall be eligible for the same benefits to which a producer would be entitled under comparable additional coverage under subsection (c) of this section.

(10) Simplification

(A) Catastrophic risk protection plans

In developing and carrying out the policies and procedures for a catastrophic risk protection plan under this chapter, the Corporation shall, to the maximum extent practicable, minimize the paperwork required and the complexity and costs of procedures governing applications for, processing, and servicing of the plan for all parties involved.

(B) Other plans

To the extent that the policies and procedures developed under subparagraph (A) may be applied to other plans of insurance offered under this chapter without jeopardizing the actuarial soundness or integrity of the crop insurance program, the Corporation shall apply the policies and procedures to the other plans of insurance within a reasonable period of time (as determined by the Corporation) after the effective date of this paragraph.

(11) Loss adjustment

The rate for reimbursing an approved insurance provider or agent for expenses incurred by the approved insurance provider or agent for loss adjustment in connection with a policy of catastrophic risk protection shall not exceed 11 percent of the premium for catastrophic risk protection that is used to define loss ratio.

(c) General coverage levels

(1) Additional coverage generally

(A) In general

The Corporation shall offer to producers of agricultural commodities grown in the United States plans of crop insurance that provide additional coverage.

(B) Purchase

To be eligible for additional coverage, a producer must apply to an approved insurance provider for purchase of additional coverage if the coverage is available from an approved insurance provider. If additional coverage is unavailable privately, the Corporation may offer additional coverage plans of insurance directly to producers.

(2) Transfer of relevant information

If a producer has already applied for catastrophic risk protection at the local office of the Department and elects to purchase additional coverage, the relevant information for

the crop of the producer shall be transferred to the approved insurance provider servicing the additional coverage crop policy.

(3) Yield and loss basis

A producer shall have the option of purchasing additional coverage based on an individual yield and loss basis or on an area yield and loss basis, if both options are offered by the Corporation.

(4) Level of coverage

The level of coverage shall be dollar denominated and may be purchased at any level not to exceed 85 percent of the individual yield or 95 percent of the area yield (as determined by the Corporation). Not later than the beginning of the 1996 crop year, the Corporation shall provide producers with information on catastrophic risk and additional coverage in terms of dollar coverage (within the allowable limits of coverage provided in this paragraph).

(5) Price level

The Corporation shall establish a price level for each commodity on which insurance is offered that—

(A) shall not be less than the projected market price for the commodity (as determined by the Corporation); or

(B) at the discretion of the Corporation, may be based on the actual market price at the time of harvest (as determined by the Corporation).

(6) Price elections

(A) In general

Subject to subparagraph (B), insurance coverage shall be made available to a producer on the basis of any price election that equals or is less than the price election established by the Corporation. The coverage shall be quoted in terms of dollars per acre.

(B) Minimum price elections

The Corporation may establish minimum price elections below which levels of insurance shall not be offered.

(C) Wheat classes and malting barley

The Corporation shall, as the Corporation determines practicable, offer producers different price elections for classes of wheat and malting barley (including contract prices in the case of malting barley), in addition to the standard price election, that reflect different market prices, as determined by the Corporation. The Corporation shall, as the Corporation determines practicable, offer additional coverage for each class determined under this subparagraph and charge a premium for each class that is actuarially sound.

(7) Fire and hail coverage

For levels of additional coverage equal to 65 percent or more of the recorded or appraised average yield indemnified at 100 percent of the expected market price, or an equivalent coverage, a producer may elect to delete from the additional coverage any coverage against damage caused by fire and hail if the producer obtains an equivalent or greater dollar amount

of coverage for damage caused by fire and hail from an approved insurance provider. On written notice of the election to the company issuing the policy providing additional coverage and submission of evidence of substitute coverage on the commodity insured, the premium of the producer shall be reduced by an amount determined by the Corporation to be actuarially appropriate, taking into account the actuarial value of the remaining coverage provided by the Corporation. In no event shall the producer be given credit for an amount of premium determined to be greater than the actuarial value of the protection against losses caused by fire and hail that is included in the additional coverage for the crop.

(8) State premium subsidies

The Corporation may enter into an agreement with any State or agency of a State under which the State or agency may pay to the approved insurance provider an additional premium subsidy to further reduce the portion of the premium paid by producers in the State.

(9) Limitations on additional coverage

The Board may limit the availability of additional coverage under this subsection in any county or area, or on any farm, on the basis of the insurance risk involved. The Board shall not offer additional coverage equal to less than 50 percent of the recorded or appraised average yield indemnified at 100 percent of the expected market price, or an equivalent coverage.

(10) Administrative fee

(A) Fee required

Except as otherwise provided in this paragraph, if a producer elects to purchase additional coverage for a crop at a level that is less than 65 percent of the recorded or appraised average yield indemnified at 100 percent of the expected market price, or an equivalent coverage, the producer shall pay an administrative fee for the additional coverage. The administrative fee for the producer shall be \$50 per crop per county, but not to exceed \$200 per producer per county, up to a maximum of \$600 per producer for all counties in which a producer has insured crops. Subparagraphs (D) and (E) of subsection (b)(5) of this section shall apply with respect to the use of administrative fees under this subparagraph.

(B) Exception

If a producer elects to purchase additional coverage for a crop equal to 65 percent or more of the recorded or appraised average yield indemnified at 100 percent of the expected market price, or an equivalent coverage, the producer shall not be subject to the administrative fee required by this paragraph or subsection (b)(5) of this section. If the producer has already paid the administrative fee for a lower level of coverage for the crop, the administrative fee shall be refunded to the producer unless the refund would reduce to less than \$200 the total amount of the administrative fees paid by the producer for 2 or more crops in the same

county for which a lower level of coverage is obtained.

(C) Additional fee

If a producer elects to purchase additional coverage for a crop equal to or exceeding 65 percent of the recorded or appraised average yield and 100 percent of the expected market price or an equivalent coverage, the producer shall pay an administrative fee of \$20 for the coverage. If a producer has already paid an administrative fee for lesser coverage for the crop, the fee for lesser coverage shall be refunded to the producer unless the producer has paid the maximum fee for lesser coverage and refund of the fee will not reduce the amount to be paid below the maximum amount.

(D) Deposit of fees

Notwithstanding the authority granted to the Secretary under the Federal Crop Insurance Corporation account provisions of the Agricultural, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1995, administrative fees collected under subparagraph (B) in excess of \$100 per producer per county and under subparagraph (C) shall be deposited in the insurance fund established under section 1516(c) of this title to be available for the programs and activities of the Corporation.

(d) Premiums

(1) Premiums required

The Corporation shall fix adequate premiums for all the plans of insurance of the Corporation at such rates as the Board determines are actuarially sufficient to attain an expected loss ratio of not greater than 1.1 through September 30, 1998, and not greater than 1.075 after October 1, 1998.

(2) Premium amounts

The premium amounts for catastrophic risk protection under subsection (b) of this section and additional coverage under subsection (c) of this section shall be fixed as follows:

(A) In the case of catastrophic risk protection, the amount of the premium shall be sufficient to cover anticipated losses and a reasonable reserve.

(B) In the case of additional coverage below 65 percent of the recorded or appraised average yield indemnified at 100 percent of the expected market price, or an equivalent coverage, but greater than 50 percent of the recorded or appraised average yield indemnified at 100 percent of the expected market price, or an equivalent coverage, the amount of the premium shall—

(i) be sufficient to cover anticipated losses and a reasonable reserve; and

(ii) include an amount for operating and administrative expenses, as determined by the Corporation.

(C) In the case of additional coverage equal to or greater than 65 percent of the recorded or appraised average yield indemnified at 100 percent of the expected market price, or an equivalent coverage, the amount of the premium shall—

(i) be sufficient to cover anticipated losses and a reasonable reserve; and

(ii) include an amount for operating and administrative expenses, as determined by the Corporation, on an industry-wide basis as a percentage of the amount of the premium used to define loss ratio.

(e) Payment of portion of premium by Corporation

(1) In general

For the purpose of encouraging the broadest possible participation of producers in the catastrophic risk protection provided under subsection (b) of this section and the additional coverage provided under subsection (c) of this section, the Corporation shall pay a part of the premium in the amounts provided in accordance with this subsection.

(2) Amount of payment

The amount of the premium to be paid by the Corporation shall be as follows:

(A) In the case of catastrophic risk protection, the amount shall be equivalent to the premium established for catastrophic risk protection under subsection (d)(2)(A) of this section.

(B) In the case of coverage below 65 percent of the recorded or appraised average yield indemnified at 100 percent of the expected market price, or an equivalent coverage, but greater than 50 percent of the recorded or appraised average yield indemnified at 100 percent of the expected market price, or an equivalent coverage, the amount shall be equivalent to the amount of premium established for catastrophic risk protection coverage and the amount of operating and administrative expenses established under subsection (d)(2)(B) of this section.

(C) In the case of coverage equal to or greater than 65 percent of the recorded or appraised average yield indemnified at 100 percent of the expected market price, or an equivalent coverage, on an individual or area basis, the amount shall be equivalent to an amount equal to the premium established for 50 percent loss in yield indemnified at 75 percent of the expected market price and the amount of operating and administrative expenses established under subsection (d)(2)(C) of this section.

(3) Premium reduction

If an approved insurance provider determines that the provider may provide insurance more efficiently than the expense reimbursement amount established by the Corporation, the approved insurance provider may reduce, subject to the approval of the Corporation, the premium charged the insured by an amount corresponding to the efficiency. The approved insurance provider shall apply to the Corporation for authority to reduce the premium before making such a reduction, and the reduction shall be subject to the rules, limitations, and procedures established by the Corporation.

(4) Individual and area crop insurance coverage

The Corporation shall allow approved insurance providers to offer a plan of insurance to

producers that combines both individual yield coverage and area yield coverage at a premium rate determined by the provider under the following conditions:

(A) The individual yield coverage shall be equal to or greater than catastrophic risk protection as described in subsection (b) of this section.

(B) The combined policy shall include area yield coverage that is offered by the Corporation or similar area coverage, as determined by the Corporation.

(C) The Corporation shall provide reinsurance on the area yield portion of the combined policy at the request of the provider, except that the provider shall agree to pay to the producer any portion of the area yield and loss indemnity payment received from the Corporation or a commercial reinsurer that exceeds the individual indemnity payment made by the provider to the producer.

(D) The Corporation shall pay a part of the premium equivalent to—

(i) the amount authorized under paragraph (2) (except provisions regarding operating and administrative expenses); and

(ii) the amount of operating and administrative expenses authorized by the Corporation for the area yield coverage portion of the combined policy.

(E) The provider shall provide all underwriting services for the combined policy, including the determination of individual yield coverage premium rates, the terms and conditions of the policy, and the acceptance and classification of applicants into risk categories, subject to subparagraph (F).

(F) The Corporation shall approve the combined policy unless the Corporation determines that the policy is not actuarially sound or that the interests of producers are not adequately protected.

(f) Eligibility

(1) In general

To participate in catastrophic risk protection coverage under this section, a producer shall submit an application at the local office of the Department or to an approved insurance provider.

(2) Sales closing date

For coverage under this chapter, each producer shall purchase crop insurance on or before the sales closing date for the crop by providing the required information and executing the required documents. Subject to the goal of ensuring actuarial soundness for the crop insurance program, the sales closing date shall be established by the Corporation to maximize convenience to producers in obtaining benefits under price and production adjustment programs of the Department. Beginning with the 1995 crop year, the Corporation shall establish, for an insurance policy for each insurable crop that is planted in the spring, a sales closing date that is 30 days earlier than the corresponding sales closing date that was established for the 1994 crop year.

(3) Records and reporting

To obtain catastrophic risk protection under subsection (b) of this section or additional

coverage under subsection (c) of this section, a producer shall—

(A) provide, to the extent required by the Corporation, records acceptable to the Corporation of historical acreage and production of the crops for which the insurance is sought or accept a yield determined by the Corporation; and

(B) report acreage planted and prevented from planting by the designated acreage reporting date for the crop and location as established by the Corporation.

(g) Yield determinations

(1) In general

Subject to paragraph (2), the Corporation shall establish crop insurance underwriting rules that ensure that yield coverage, as specified in this subsection, is provided to eligible producers obtaining catastrophic risk protection under subsection (b) of this section or additional coverage under subsection (c) of this section.

(2) Yield coverage plans

(A) Actual production history

Subject to subparagraph (B), the yield for a crop shall be based on the actual production history for the crop, if the crop was produced on the farm without penalty during each of the 4 crop years immediately preceding the crop year for which actual production history is being established, building up to a production data base for each of the 10 consecutive crop years preceding the crop year for which actual production history is being established.

(B) Assigned yield

If the producer does not provide satisfactory evidence of the yield of a commodity under subparagraph (A), the producer shall be assigned a yield that is not less than 65 percent of the transitional yield of the producer (adjusted to reflect actual production reflected in the records acceptable to the Corporation for continuous years), as specified in regulations issued by the Corporation based on production history requirements.

(C) Area yield

The Corporation may offer a crop insurance plan based on an area yield that allows an insured producer to qualify for an indemnity if a loss has occurred in an area (as specified by the Corporation) in which the farm of the producer is located. Under an area yield plan, an insured producer shall be allowed to select the level of area production at which an indemnity will be paid consistent with such terms and conditions as are established by the Corporation.

(D) Commodity-by-commodity basis

A producer may choose between individual yield or area yield coverage or combined coverage (as provided in subsection (e)(4) of this section), if available, on a commodity-by-commodity basis.

(3) Transitional yields for producers of feed or forage

(A) In general

If a producer does not provide satisfactory evidence of a yield under paragraph (2)(A),

the producer shall be assigned a yield that is at least 80 percent of the transitional yield established by the Corporation (adjusted to reflect the actual production history of the producer) if the Secretary determines that—

- (i) the producer grows feed or forage primarily for on-farm use in a livestock, dairy, or poultry operation; and
- (ii) over 50 percent of the net farm income of the producer is derived from the operation.

(B) Yield calculation

The Corporation shall—

- (i) for the first year of participation of a producer, provide the assigned yield under this paragraph to the producer of feed or forage; and
- (ii) for the second year of participation of the producer, apply the actual production history or assigned yield requirement, as provided in this subsection.

(C) Termination of authority

The authority provided by this paragraph shall terminate on the date that is 3 years after the effective date of this paragraph.

(h) Submission of policies and materials to Board

(1) In general

In addition to any standard forms or policies that the Board may require be made available to producers under subsection (c) of this section, a person may prepare for submission or propose to the Board—

- (A) other crop insurance policies and provisions of policies; and
- (B) rates of premiums for multiple peril crop insurance pertaining to wheat, soybeans, field corn, and any other crops determined by the Secretary.

(2) Submission of policies

A policy or other material submitted to the Board under this subsection may be prepared without regard to the limitations contained in this chapter, including the requirements concerning the levels of coverage and rates and the requirement that a price level for each commodity insured must equal the expected market price for the commodity as established by the Board. In the case of such a policy, the payment by the Corporation of a portion of the premium of the policy may not exceed the amount that would otherwise be authorized under subsection (e) of this section.

(3) Review and approval by the Board

A policy or other material submitted to the Board under this subsection shall be reviewed by the Board and, if the Board finds that the interests of producers are adequately protected and that any premiums charged to the producers are actuarially appropriate, shall be approved by the Board for reinsurance and for sale to producers as an additional choice at actuarially appropriate rates and under appropriate terms and conditions. The Corporation may enter into more than 1 reinsurance agreement with the approved insurance provider simultaneously to facilitate the offering of the new policies.

(4) Guidelines for submission and review

The Corporation shall issue regulations to establish guidelines for the submission, and Board review, of policies or other material submitted to the Board under this subsection. At a minimum, the guidelines shall ensure the following:

(A) A proposal submitted to the Board under this subsection shall be considered as confidential commercial or financial information for purposes of section 552(b)(4) of title 5 until approved by the Board. A proposal disapproved by the Board shall remain confidential commercial or financial information.

(B) The Board shall provide an applicant with the opportunity to present the proposal to the Board in person if the applicant so desires.

(C) The Board shall provide an applicant with notification of intent to disapprove a proposal not later than 30 days prior to making the disapproval. An applicant that receives the notification may modify the application of the applicant. Any modification shall be considered an original application for purposes of this paragraph.

(D) Specific guidelines shall prescribe the timing of submission of proposals under this subsection and timely consideration by the Board so that any approved proposal may be made available to all persons reinsured by the Corporation in a manner permitting the persons to participate, if the persons so desire, in offering such a proposal in the first crop year in which the proposal is approved by the Board for reinsurance, premium subsidy, or other support offered by this chapter.

(5) Required publication

Any policy, provision of a policy, or rate approved under this subsection shall be published as a notice in the Federal Register and made available to all persons contracting with or reinsured by the Corporation under the terms and conditions of the contract between the Corporation and the person originally submitting the policy or other material.

(6) Pilot cost of production risk protection plan

(A) In general

The Corporation shall offer, to the extent practicable, a cost of production risk protection plan of insurance that indemnifies producers (including new producers) for insurable losses as provided in this paragraph.

(B) Pilot basis

The cost of production risk protection plan shall—

- (i) be established as a pilot project for each of the 1996 and 1997 crop years; and
- (ii) be carried out in a number of counties that is determined by the Corporation to be adequate to provide a comprehensive evaluation of the feasibility, effectiveness, and demand among producers for the plan.

(C) Insurable loss

An insurable loss shall be incurred by a producer if the gross income of the producer

(as determined by the Corporation) is less than an amount determined by the Corporation, as a result of a reduction in yield or price resulting from an insured cause.

(D) “New producer” defined

As used in this paragraph, the term “new producer” means a person that has not been actively engaged in farming for a share of the production of the insured crop for more than 2 crop years, as determined by the Secretary.

(7) Additional prevented planting policy coverage

(A) In general

Beginning with the 1995 crop year, the Corporation shall offer to producers additional prevented planting coverage that insures producers against losses in accordance with this paragraph.

(B) Approved insurance providers

Additional prevented planting coverage shall be offered by the Corporation through approved insurance providers.

(C) Timing of loss

A crop loss shall be covered by the additional prevented planting coverage if—

(i) crop insurance policies were obtained for—

(I) the crop year the loss was experienced; and

(II) the crop year immediately preceding the year of the prevented planting loss; and

(ii) the cause of the loss occurred—

(I) after the sales closing date for the crop in the crop year immediately preceding the loss; and

(II) before the sales closing date for the crop in the year in which the loss is experienced.

(8) Pilot program of assigned yields for new producers

(A) Program required

For each of the 1995 and 1996 crop years, the Corporation shall carry out a pilot program to assign to eligible new producers higher assigned yields than would otherwise be assigned to the producers under subsection (g) of this section. The Corporation shall include in the pilot program 30 counties that are determined by the Corporation to be adequate to provide a comprehensive evaluation of the feasibility, effectiveness, and demand among new producers for increased assigned yields.

(B) Increased assigned yields

In the case of an eligible new producer participating in the pilot program, the Corporation shall assign to the new producer a yield that is equal to not less than 110 percent of the transitional yield otherwise established by the Corporation.

(C) Eligible new producer

The Secretary shall establish a definition of new producer for purposes of determining

eligibility to participate in the pilot program.

(9) Revenue insurance pilot program

(A) In general

Not later than December 31, 1996, the Secretary shall carry out a pilot program in a limited number of counties, as determined by the Secretary, for crop years 1997, 1998, 1999, and 2000, under which a producer of wheat, feed grains, soybeans, or such other commodity as the Secretary considers appropriate may elect to receive insurance against loss of revenue, as determined by the Secretary.

(B) Administration

Revenue insurance under this paragraph shall—

(i) be offered through reinsurance arrangements with private insurance companies;

(ii) offer at least a minimum level of coverage that is an alternative to catastrophic crop insurance;

(iii) be actuarially sound; and

(iv) require the payment of premiums and administrative fees by an insured producer.

(10) Time limits for response to submission of new policies

(A) In general

The Board shall establish a reasonable time period within which the Board shall approve or disapprove a proposal from a person regarding a new policy submitted in accordance with this subsection.

(B) Effect of failure to meet time limits

Except as provided in subparagraph (C), if the Board fails to provide a response to a proposal described in subparagraph (A) in accordance with subparagraph (A), the new policy shall be deemed to be approved by the Board for purposes of this subsection for the initial reinsurance year designated for the new policy in the request.

(C) Exceptions

Subparagraph (B) shall not apply to a proposal submitted under this subsection if the Board and the person submitting the request agree to an extension of the time period.

(i) Adoption of rates and coverages

The Corporation shall adopt, as soon as practicable, rates and coverages that will improve the actuarial soundness of the insurance operations of the Corporation for those crops that are determined to be insured at rates that are not actuarially sound, except that no rate may be increased by an amount of more than 20 percent over the comparable rate of the preceding crop year.

(j) Claims for losses

(1) In general

Under rules prescribed by the Corporation, the Corporation may provide for adjustment and payment of claims for losses. The rules prescribed by the Corporation shall establish

standards to ensure that all claims for losses are adjusted, to the extent practicable, in a uniform and timely manner.

(2) Denial of claims

(A) In general

Subject to subparagraph (B), if a claim for indemnity is denied by the Corporation or an approved provider, an action on the claim may be brought against the Corporation or Secretary only in the United States district court for the district in which the insured farm is located.

(B) Statute of limitations

A suit on the claim may be brought not later than 1 year after the date on which final notice of denial of the claim is provided to the claimant.

(3) Indemnification

The Corporation shall provide approved insurance providers with indemnification, including costs and reasonable attorney fees incurred by the approved insurance provider, due to errors or omissions on the part of the Corporation.

(4) Marketing windows

The Corporation shall consider marketing windows in determining whether it is feasible to require planting during a crop year.

(k) Reinsurance

(1) In general

Notwithstanding any other provision of this chapter, the Corporation shall, to the maximum extent practicable, provide reinsurance to insurers approved by the Corporation that insure producers of any agricultural commodity under 1 or more plans acceptable to the Corporation.

(2) Terms and conditions

The reinsurance shall be provided on such terms and conditions as the Board may determine to be consistent with subsections (b) and (c) of this section and sound reinsurance principles.

(3) Share of risk

The reinsurance agreements of the Corporation with the reinsured companies shall require the reinsured companies to bear a sufficient share of any potential loss under the agreement so as to ensure that the reinsured company will sell and service policies of insurance in a sound and prudent manner, taking into consideration the financial condition of the reinsured companies and the availability of private reinsurance.

(4) Rate

(A) In general

Except as provided in subparagraph (B), the rate established by the Board to reimburse approved insurance providers and agents for the administrative and operating costs of the providers and agents shall not exceed—

- (i) for the 1998 reinsurance year, 27 percent of the premium used to define loss ratio; and

- (ii) for each of the 1999 and subsequent reinsurance years, 24.5 percent of the premium used to define loss ratio.

(B) Proportional reductions

A policy of additional coverage that received a rate of reimbursement for administrative and operating costs for the 1998 reinsurance year that is lower than the rate specified in subparagraph (A)(i) shall receive a reduction in the rate of reimbursement that is proportional to the reduction in the rate of reimbursement between clauses (i) and (ii) of subparagraph (A).

(5) Cost and regulatory reduction

Consistent with section 118 of the Federal Crop Insurance Reform Act of 1994, and consistent with maintenance of program integrity, prevention of fraud and abuse, the need for program expansion, and improvement of quality of service to customers, the Board shall alter program procedures and administrative requirements in order to reduce the administrative and operating costs of approved insurance providers and agents in an amount that corresponds to any reduction in the reimbursement rate required under paragraph (4) during the 5-year period beginning on October 13, 1994.

(6) Agency discretion

The determination of whether the Corporation is achieving, or has achieved, corresponding administrative cost savings shall not be subject to administrative review, and is wholly committed to agency discretion within the meaning of section 701(a)(2) of title 5.

(7) Plan

The Corporation shall submit to Congress a plan outlining the measures that will be used to achieve the reduction required under paragraph (5). If the Corporation can identify additional cost reduction measures, the Corporation shall describe the measures in the plan.

(l) Optional coverages

The Corporation may offer specific risk protection programs, including protection against prevented planting, wildlife depredation, tree damage and disease, and insect infestation, under such terms and conditions as the Board may determine, except that no program may be undertaken if insurance for the specific risk involved is generally available from private companies.

(m) Research

(1) In general

Except as provided in paragraph (2), the Corporation may conduct research, surveys, pilot programs, and investigations relating to crop insurance and agriculture-related risks and losses including insurance on losses involving reduced forage on rangeland caused by drought and by insect infestation, livestock poisoning and disease, destruction of bees due to the use of pesticides, and other unique special risks related to fruits, nuts, vegetables, aquacultural species, forest industry needs (including appreciation), and other agricultural products as determined by the Board.

(2) Exception

No action may be undertaken with respect to a risk under paragraph (1) if insurance protection against the risk is generally available from private companies.

(3) Evaluation

After the completion of any pilot program under this subsection, the Corporation shall evaluate the pilot program and submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, a report of the operations of the pilot program, including the evaluation by the Corporation of the pilot program and the recommendations of the Corporation with respect to implementing the program on a national basis.

(n) Limitation on multiple benefits for same loss**(1) In general**

Except as provided in paragraph (2), if a producer who is eligible to receive benefits under catastrophic risk protection under subsection (b) of this section is also eligible to receive assistance for the same loss under any other program administered by the Secretary, the producer shall be required to elect whether to receive benefits under this chapter or under the other program, but not both. A producer who purchases additional coverage under subsection (c) of this section may also receive assistance for the same loss under other programs administered by the Secretary, except that the amount received for the loss under the additional coverage together with the amount received under the other programs may not exceed the amount of the actual loss of the producer.

(2) Exception

Paragraph (1) shall not apply to emergency loans under subtitle C of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961 et seq.).

(Feb. 16, 1938, ch. 30, title V, § 508, 52 Stat. 74; June 22, 1938, ch. 563, 52 Stat. 835; June 21, 1941, ch. 214, §§ 3-7, 10, 55 Stat. 255, 256; Dec. 23, 1944, ch. 713, §§ 1-3, 58 Stat. 918, 919; Aug. 1, 1947, ch. 440, §§ 1-3, 61 Stat. 718; Aug. 25, 1949, ch. 512, §§ 1-3, 63 Stat. 663; Aug. 13, 1953, ch. 431, 67 Stat. 575; Pub. L. 85-111, July 23, 1957, 71 Stat. 309; Pub. L. 86-131, Aug. 4, 1959, 73 Stat. 278; Pub. L. 88-589, Sept. 12, 1964, 78 Stat. 933; Pub. L. 96-365, title I, §§ 105, 106, 107(b), Sept. 26, 1980, 94 Stat. 1314, 1315, 1317; Pub. L. 100-387, title II, § 208(a), Aug. 11, 1988, 102 Stat. 941; Pub. L. 101-624, title XXII, §§ 2203-2205, Nov. 28, 1990, 104 Stat. 3955-3957; Pub. L. 102-237, title VI, § 601(4), (5), Dec. 13, 1991, 105 Stat. 1878; Pub. L. 103-66, title XIV, § 1403(b)(1), (2), Aug. 10, 1993, 107 Stat. 333, 334; Pub. L. 103-354, title I, § 106, Oct. 13, 1994, 108 Stat. 3183; Pub. L. 104-127, title I, §§ 193(a)(1), (2), (c), (d), (f), 195, Apr. 4, 1996, 110 Stat. 943-946; Pub. L. 105-185, title V, §§ 532, 534, June 23, 1998, 112 Stat. 581, 583; Pub. L. 105-277, div. A, title I, § 101(a) [title VIII, § 803(a)], Oct. 21, 1998, 112 Stat. 2681, 2681-38.)

REFERENCES IN TEXT

The Agricultural Market Transition Act, referred to in subsec. (b)(7)(A), is title I of Pub. L. 104-127, Apr. 4,

1996, 110 Stat. 896, which is classified principally to chapter 100 (§ 7201 et seq.) of this title. For complete classification of this Act to the Code, see References in Text note set out under section 7201 of this title and Tables.

For the effective date of this paragraph, referred to in subsecs. (b)(10)(B) and (g)(3)(C), as being Oct. 13, 1994, see Effective Date of 1994 Amendment note below.

The Agricultural, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1995, referred to in subsec. (c)(10)(D), is Pub. L. 103-330, Sept. 30, 1994, 108 Stat. 2345. Provisions of the Act relating to the Federal Crop Insurance Corporation (108 Stat. 2447) are not classified to the Code. For complete classification of this Act to the Code, see Tables.

Section 118 of the Federal Crop Insurance Reform Act of 1994, referred to in subsec. (k)(5), is section 118 of Pub. L. 103-354, which is set out as a note under section 1506 of this title.

The Consolidated Farm and Rural Development Act, referred to in subsec. (n)(2), is title III of Pub. L. 87-128, Aug. 8, 1961, 75 Stat. 307, as amended. Subtitle C of the Act is classified generally to subchapter III (§ 1961 et seq.) of chapter 50 of this title. For complete classification of this Act to the Code, see Short Title note set out under section 1921 of this title and Tables.

AMENDMENTS

1998—Subsec. (b)(5). Pub. L. 105-185, § 532(a), added par. (5) and struck out heading and text of former par. (5) which, in subpar. (A) required payment of \$50 fee per crop per county up to a maximum of \$200 per producer per county and \$600 per producer for all counties, in subpar. (B) directed crediting of fees up to \$100 collected by USDA offices to appropriations account, retention of fees up to \$100 collected by approved insurance providers, and deposit of fees in excess of \$100 in crop insurance fund, and in subpar. (C) waived fee for limited resource farmers as defined by Corporation.

Subsec. (b)(11). Pub. L. 105-185, § 532(d), added par. (11).

Subsec. (c)(10)(A). Pub. L. 105-185, § 532(b)(1), added subpar. (A) and struck out heading and text of former subpar. (A). Text read as follows: “Except as otherwise provided in this paragraph, if a producer elects to purchase additional coverage for a crop at a level that is less than 65 percent of the recorded or appraised average yield indemnified at 100 percent of the expected market price, or an equivalent coverage, the producer shall pay an administrative fee for the additional coverage. Subsection (b)(5) of this section shall apply in determining the amount and use of the administrative fee or in determining whether to waive the administrative fee.”

Subsec. (c)(10)(C). Pub. L. 105-185, § 532(b)(2), substituted “\$20” for “\$10” in first sentence.

Subsec. (h)(10). Pub. L. 105-185, § 534, added par. (10).

Subsec. (k)(4). Pub. L. 105-185, § 532(c), added par. (4) and struck out heading and text of former par. (4). Text read as follows: “The rate established by the Board to reimburse approved insurance providers and agents for the administrative and operating costs of the providers and agents shall not exceed—

“(A) for the 1997 reinsurance year, 29 percent of the premium used to define loss ratio;

“(B) for the 1998 reinsurance year, 28 percent of the premium used to define loss ratio; and

“(C) for the 1999 reinsurance year, 27.5 percent of the premium used to define loss ratio.”

Subsec. (n). Pub. L. 105-277 designated existing provisions as par. (1), inserted heading, substituted “Except as provided in paragraph (2), if a producer” for “If a producer”, and added par. (2).

1996—Subsec. (a)(6)(D). Pub. L. 104-127, § 193(c), added subpar. (D).

Subsec. (b)(4)(C). Pub. L. 104-127, § 193(a)(1), added subpar. (C).

Subsec. (b)(7)(A). Pub. L. 104-127, § 193(a)(2), added subpar. (A) and struck out heading and text of former subpar. (A). Prior to amendment, text read as follows: “To be eligible for any price support or production ad-

justment program, the conservation reserve program, or any benefit described in section 2008f of this title, the producer must obtain at least the catastrophic level of insurance for each crop of economic significance grown on each farm in the county in which the producer has an interest, if insurance is available in the county for the crop."

Subsec. (h)(9). Pub. L. 104-127, §195, added par. (9).

Subsec. (j)(4). Pub. L. 104-127, §193(d), added par. (4).

Subsec. (n). Pub. L. 104-127, §193(f), added subsec. (n). 1994—Pub. L. 103-354 amended section generally, substituting present provisions for former provisions which related to: in subsec. (a), authority to offer insurance; in subsec. (b), submission of policies and materials to Board; in subsec. (c), actuarial soundness; in subsec. (d), adoption of rates and coverages; in subsec. (e), premiums; in subsec. (f), claims for losses; in subsec. (g), special rule for cotton; in subsec. (h), reinsurance; in subsec. (i), application to other areas; in subsec. (j), optional coverages; in subsec. (k), research; in subsec. (l), crop insurance for dry edible beans; in subsec. (m), information collection on crop insurance; and in subsec. (n), area yield plan.

1993—Subsec. (h). Pub. L. 103-66, §1403(b)(1), substituted fifth sentence for former fifth sentence which read as follows: "The Corporation shall also pay operating and administrative costs to insurers of policies on which the Corporation provides reinsurance to the same extent that such costs are covered by the Corporation on the Corporation's policies of insurance."

Subsec. (n). Pub. L. 103-66, §1403(b)(2), added subsec. (n).

1991—Subsec. (a). Pub. L. 102-237, §601(4), struck out par. (1) designation.

Subsecs. (k) to (n). Pub. L. 102-237, §601(5), redesignated subsecs. (l) to (n) as (k) to (m), respectively.

1990—Pub. L. 101-624, §2204(b)(1), inserted section catchline and struck out "To carry out the purposes of this chapter the Corporation is authorized and empowered—" before subsec. (a).

Subsec. (a). Pub. L. 101-624, §2205(1), inserted heading, substituted "the Corporation may insure" for "to insure" in first sentence, and inserted provisions relating to amount of insurance to be provided in cases where Agricultural Stabilization and Conservation Service has established adjusted yields, and provisions relating to establishment of a price level for each commodity beginning with the 1992 crop year.

Subsecs. (b) to (d). Pub. L. 101-624, §2204(a)(1), (2), added subsecs. (b) to (d) and redesignated subsecs. (b) to (d) as (e) to (g), respectively.

Subsec. (e). Pub. L. 101-624, §2204(a)(1), (b)(2), redesignated subsec. (b) as (e), inserted heading, and substituted "The Corporation may fix" for "To fix" in par. (1). Former subsec. (e) redesignated (h).

Subsec. (f). Pub. L. 101-624, §2204(a)(1), redesignated subsec. (c) as (f). Former subsec. (f) redesignated (i).

Pub. L. 101-624, §2203(a), inserted heading, substituted "The Corporation may adjust and pay claims for losses as provided under subsection (a) of this section" for "To adjust and pay claims for losses", and inserted after first sentence "The rules prescribed by the Board shall establish standards to ensure that all claims for losses are adjusted to the extent practicable in a uniform and timely manner."

Subsec. (g). Pub. L. 101-624, §2204(a)(1), (b)(3), redesignated subsec. (d) as (g), inserted heading, and substituted "the Corporation may include" for "to include". Former subsec. (g) redesignated (j).

Subsec. (h). Pub. L. 101-624, §2204(a)(1), redesignated subsec. (e) as (h). Former subsec. (h) redesignated (k).

Pub. L. 101-624, §2203(b), inserted heading, substituted "The Corporation is directed" for "And directed", and inserted sentence at end relating to revision of reinsurance agreements beginning with the 1992 reinsurance year.

Subsec. (i). Pub. L. 101-624, §2204(a)(1), (b)(4), redesignated subsec. (f) as (i), inserted heading, and substituted "The Corporation may provide" for "To provide". Former subsec. (i) redesignated (l).

Subsec. (j). Pub. L. 101-624, §2204(a)(1), (b)(5), redesignated subsec. (g) as (j), inserted heading, and substituted "The Corporation may offer" for "To offer". Former subsec. (j) redesignated (m).

Subsec. (k). Pub. L. 101-624, §2205(2), struck out subsec. (k) which set out a special rule for calculating premiums and indemnities, with respect to insuring timber and forest yields.

Pub. L. 101-624, §2204(a)(1), (b)(6), redesignated subsec. (h) as (k), inserted heading, and substituted "The Corporation may include" for "To include".

Subsec. (l). Pub. L. 101-624, §2204(a)(1), (b)(7), redesignated subsec. (i) as (l), inserted heading, substituted "The Corporation may conduct" for "To conduct", and struck out second and third sentences which read as follows: "Beginning in the 1981 crop year and ending after the 1985 crop year, the Corporation shall also conduct a pilot program of individual risk underwriting of crop insurance in not less than twenty-five counties. Under this pilot program, to the extent that appropriate yield data are available, the Corporation shall make available to producers in such counties crop insurance under this chapter based on personalized rates and with guarantees determined from the producer's actual yield history."

Subsec. (m). Pub. L. 101-624, §2204(b)(8), added subsec. (m) and struck out former subsec. (m) which read as follows: "To accumulate, prior to the 1989 crop year, sufficient actuarial data to enable the Corporation to provide crop insurance that meets the differentiated needs of producers of different types of dry edible beans. Commencing with the 1989 crop year, the Corporation shall make such crop insurance available to producers."

Pub. L. 101-624, §2204(a)(1), redesignated subsec. (j) as (m).

Subsec. (n). Pub. L. 101-624, §2204(a)(3), added subsec. (n).

1988—Subsec. (j). Pub. L. 100-387 added subsec. (j).

1980—Subsec. (a). Pub. L. 96-365, §105, authorized Corporation, if sufficient actuarial data is available, to insure producers of any agricultural commodity grown in the United States under any plan of insurance determined to be adapted to the commodity involved; defined "field" in the case of aquacultural species to mean the environment in which the commodity is produced; in revising percentage limitations for crop insurance coverage, prescribed 75 per centum protection for recorded or appraised average yield (previously protected up to such percentage), offered producers lesser levels of coverage including 50 per centum of recorded or appraised average yield as adjusted, barred protection exceeding 75 per centum, offered price election approximating (but not less than 90 per centum of) projected market price for commodity involved, and struck out requirement for downward adjustment of minimum percentage in yield which may be insured to reflect investment in crop; and struck out limitations on Federal crop insurance program which: limited crop insurance to not more than seven agricultural commodities in 1948 and to not more than three additional commodities yearly thereafter, beginning with 1954 crop authorized yearly expansion of crop insurance program to not more than 150 counties in addition to counties offered insurance the previous year, limited reinsurance for private insurance companies to 20 counties, and required counties selected by the Board for crop insurance to be representative of areas where the commodity involved normally was produced; and struck out general reinsurance provision, covered in subsec. (e) of this section.

Subsec. (b). Pub. L. 96-365, §106(1), designated existing provisions as par. (1), struck out "in the agricultural commodity or in cash," after "premiums for insurance" and proviso from first sentence authorizing establishment of premiums on the basis of the parity or comparable price for the commodity as determined and published by Secretary of Agriculture, or on the basis of an average market price designated by the Board and second sentence providing for collection of premiums

at such time or times, or for securing in such manner, as the Board may determine, which is covered in par. (4), required the rates to be actuarially sufficient, added pars. (2) and (3), incorporated existing provision in par. (4), and added pars. (5) and (6).

Subsec. (c). Pub. L. 96-365, §106(2), struck out “in the agricultural commodity or in cash,” after “claims for losses” and provisions respecting: determination of indemnities on same price basis as premiums were determined for the crop with respect to which the indemnities were paid; requirement that the Corporation post annually for each county at the county courthouse a list of indemnities paid for losses on farms in the county; action on claims in any court of the State having general jurisdiction, sitting in the county where the insured farm was located; and jurisdiction of district courts without regard to amount in controversy.

Subsec. (d). Pub. L. 96-365, §106(3), redesignated subsec. (e) as (d) and struck out prior subsec. (d) authorizing Corporation to purchase, handle, store, insure, provide storage facilities for, and sell agricultural commodities.

Subsec. (e). Pub. L. 96-365, §106(4), added subsec. (e). Former subsec. (e) redesignated (d).

Subsec. (f). Pub. L. 96-365, §106(4), substituted provisions for insurance and reinsurance in the territories and possessions for prior provision for reinsurance in Puerto Rico when not available from recognized private sources.

Subsecs. (g), (h). Pub. L. 96-365, §106(4), added subsecs. (g) and (h).

Subsec. (i). Pub. L. 96-365, §107(b), added subsec. (i). 1964—Subsec. (a). Pub. L. 88-589 increased from 100 to 150 the number of counties into which the Federal crop insurance program may be extended.

1959—Subsec. (a). Pub. L. 86-131 struck out provision prohibiting Federal crop insurance in a county unless two hundred farms or one third of the farms normally producing the commodity apply for such insurance, excluding farms refused insurance on the basis of risk involved.

1957—Subsec. (f). Pub. L. 85-111 added subsec. (f). 1953—Subsec. (a). Act Aug. 13, 1953, authorized extension of Federal crop insurance program into an additional 100 counties, struck out commodity formula basis on which this expansion may take place, and provided an exception to the strict county limitation by providing that producers on farms situated in a local producing area bordering on a county with a crop insurance program may be included in that county's program.

1949—Subsec. (a). Act Aug. 25, 1949, §1, provided for an annual increase in number of counties in which insurance now offered by Corporation can be issued.

Subsec. (b). Act Aug. 25, 1949, §2, struck out provision under which Corporation's administrative expenses are restricted, after the crop year 1949, to a sum equivalent to 25 percent of the premiums collected in the preceding year.

Subsec. (c). Act Aug. 25, 1949, §3, struck out provision which required prorating of losses beginning with crop year 1950.

1947—Subsec. (a). Act Aug. 1, 1947, §1, amended subsec. (a) generally, and among other changes, provided for crop insurance, commencing with crops planted for harvest in 1948, made provision for reinsurance, enumerated specific crops insurable in 1948, provided for additional crops in subsequent years, limited number of counties in which certain crops were insurable, increased required number of applications in any one county from fifty to two hundred, and authorized Board to refuse insurance in any county where agricultural commodity to be insured constitutes an unimportant part of total agricultural income.

Subsec. (b). Act Aug. 1, 1947, §2, inserted proviso relating to basis for premiums.

Subsec. (c). Act Aug. 1, 1947, §3, inserted first proviso relating to determination of price basis for indemnities.

1944—Subsec. (a). Act Dec. 23, 1944, §1, amended subsec. (a) generally to provide insurance against loss not

only for wheat and cotton crops but also for flax, corn, oats, etc.

Subsec. (b). Act Dec. 23, 1944, §2, provided for the establishment of such rates as would cover crop losses and build up a reasonable reserve, and inserted proviso.

Subsec. (c). Act Dec. 23, 1944, §3, inserted first proviso, and inserted “and received” after “mailed to” in last proviso.

1941—Subsec. (a). Act June 21, 1941, §§3-5, struck out comma after “1939” and inserted “and with the cotton crop planted for harvest in 1942”, and substituted “producers of the agricultural commodity against loss in yields of the agricultural commodity” for “producers of wheat against loss in yields of wheat” in the first sentence, and “the agricultural commodity” for “wheat” in the third sentence, respectively.

Subsecs. (b), (c). Act June 21, 1941, §6, substituted “the agricultural commodity” for “wheat” wherever appearing.

Subsec. (d). Act June 21, 1941, §§6, 10, substituted “the agricultural commodity” for “wheat” wherever appearing, and inserted second sentence.

Subsec. (e). Act June 21, 1941, §7, added subsec. (e). 1938—Subsec. (a). Act June 22, 1938, inserted second proviso in first sentence.

EFFECTIVE DATE OF 1998 AMENDMENT

Amendment by Pub. L. 105-185 effective July 1, 1998, see section 537 of Pub. L. 105-185, set out as a note under section 1506 of this title.

EFFECTIVE DATE OF 1994 AMENDMENT

Amendment by Pub. L. 103-354 effective Oct. 13, 1994, and applicable to provision of crop insurance under Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) beginning with 1995 crop year, with such Act, as in effect on the day before Oct. 13, 1994, to continue to apply with respect to 1994 crop year, see section 120 of Pub. L. 103-354, set out as a note under section 1502 of this title.

EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-66 effective Oct. 1, 1993, see section 1403(c) of Pub. L. 103-66, set out as a note under section 1506 of this title.

EFFECTIVE DATE OF 1980 AMENDMENT

Section 105 of Pub. L. 96-365 provided that the amendment made by that section is effective with respect to 1981 and subsequent crops.

Section 106 of Pub. L. 96-365 provided that the amendment made by that section is effective with respect to 1981 and subsequent crops.

Amendment by section 107(b) of Pub. L. 96-365 effective Sept. 26, 1980, see section 112 of Pub. L. 96-365, set out as a note under section 1504 of this title.

TRANSFER OF FUNCTIONS

Administration of program of Federal Crop Insurance Corporation transferred to Secretary of Agriculture by 1946 Reorg. Plan No. 3, §501, eff. July 16, 1946, 11 F.R. 7877, 60 Stat. 1100. See note set out under section 1503 of this title.

War-time consolidation of Federal Crop Insurance Corporation into Agricultural Conservation and Adjustment Administration, see note set out under section 1503 of this title.

LIMITATION ON FEE FOR CATASTROPHIC RISK PROTECTION

Pub. L. 105-277, div. A, title I, §101(a) [title VII, §748], Oct. 21, 1998, 112 Stat. 2681, 2681-32, provided that: “Notwithstanding the provisions of section 508(b)(5)(A) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)(5)(A)), for the 1999 reinsurance and subsequent reinsurance years, no producer shall pay more than \$50 per crop per county as an administrative fee for catastrophic risk protection under section 508(b)(5)(A) of the Act.”

SPECIAL RULE FOR 1996 CROP YEAR REGARDING CATASTROPHIC RISK PROTECTION INSURANCE

Section 193(a)(3) of Pub. L. 104-127 provided that:

“(A) EFFECTIVE PERIOD.—This paragraph shall apply only to the 1996 crop year.

“(B) AVAILABILITY.—During a period of not less than 2 weeks, but not more than 4 weeks, beginning on the date of enactment of this title [Apr. 4, 1996], the Secretary shall provide producers with an opportunity to obtain catastrophic risk protection insurance under section 508(b) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)) for a spring-planted crop, and limited additional coverage for malting barley under the Malting Barley Price and Quality Endorsement. The Federal Crop Insurance Corporation may attach such limitations and restrictions on obtaining insurance during this period as the Corporation considers necessary to maintain the actuarial soundness of the crop insurance program.

“(C) ATTACHMENT.—Insurance coverage under any policy obtained under this paragraph during the extended sales period shall not attach until 10 days after the application.

“(D) CANCELLATION.—During the extended period, a producer may cancel a catastrophic risk protection policy if—

“(i) the policy is a continuation of a policy that was obtained for a previous crop year; and

“(ii) the cancellation request is made before the acreage reporting date for the policy for the 1996 crop year.”

CROP INSURANCE PILOT PROGRAM

Section 193(b) of Pub. L. 104-127 provided that:

“(1) COVERAGE.—The Secretary of Agriculture shall develop and administer a pilot project for crop insurance coverage that indemnifies crop losses due to a natural disaster such as insect infestation or disease.

“(2) ACTUARIAL SOUNDNESS.—A pilot project under this paragraph shall be actuarially sound, as determined by the Secretary and administered at no net cost.

“(3) DURATION.—A pilot project under this paragraph shall be of two years’ duration.”

PREVENTED PLANTING

Section 116 of Pub. L. 103-354 provided that:

“(a) IN GENERAL.—Effective for the 1994 crop year, a producer described in subsection (b) shall receive compensation under the prevented planting coverage policy provision described in subsection (b)(1) by—

“(1) obtaining from the Secretary of Agriculture the applicable amount that is payable under the conserving use program described in subsection (b)(4); and

“(2) obtaining from the Federal Crop Insurance Corporation the amount that is equal to the difference between—

“(A) the amount that is payable under the conserving use program; and

“(B) the amount that is payable under the prevented planting coverage policy.

“(b) ELIGIBLE PRODUCERS.—Subsection (a) shall apply to a producer who—

“(1) purchased a prevented planting policy for the 1994 crop year from the Federal Crop Insurance Corporation prior to the spring sales closing date for the 1994 crop year;

“(2) is unable to plant a crop due to major, widespread flooding in the Midwest, or excessive ground moisture, that occurred prior to the spring sales closing date for the 1994 crop year;

“(3) had a reasonable expectation of planting a crop on the prevented planting acreage for the 1994 crop year; and

“(4) participates in a conserving use program established for the 1994 crop of wheat, feed grains, upland cotton, or rice established under section 107B(c)(1)(E), 105B(c)(1)(E), 103B(c)(1)(D), or 101B(c)(1)(D), respectively, of the Agricultural Act of 1949 ([former] 7 U.S.C. 1445b-3a(c)(1)(E), 1444f(c)(1)(E), 1444-2(c)(1)(D), or 1441-2(c)(1)(D)).

“(c) OILSEED PREVENTED PLANTING PAYMENTS.—

“(1) IN GENERAL.—Effective for the 1994 crop year, a producer of a crop of oilseeds (as defined in section 205(a) of the Agricultural Act of 1949 ([former] 7 U.S.C. 1446f(a))) shall receive a prevented planting payment for the crop if the requirements of paragraphs (1), (2), and (3) of subsection (b) are satisfied.

“(2) SOURCE OF PAYMENT.—The total amount of payments required under this subsection shall be made by the Federal Crop Insurance Corporation.

“(d) PAYMENT.—A payment under this section may not be made before October 1, 1994.”

REPORT ON IMPROVING DISSEMINATION OF CROP INSURANCE INFORMATION

Section 117 of Pub. L. 103-354 provided that: “Not later than 180 days after the date of enactment of this Act [Oct. 13, 1994] and at the end of each of the 2 1-year periods thereafter, the Federal Crop Insurance Corporation shall submit a report to Congress containing a plan to implement a sound program for producer education regarding the crop insurance program and for the dissemination of crop insurance information to producers, as required by section 508(a)(5) of the Federal Crop Insurance Act [7 U.S.C. 1508(a)(5)] (as amended by section 106).”

FEDERAL CROP INSURANCE COMMISSION

Pub. L. 100-546, Oct. 28, 1988, 102 Stat. 2730, provided for establishment, membership, compensation, etc., of Commission for the Improvement of the Federal Crop Insurance Program, directed Commission to study and determine why participation in program had not reached levels anticipated when Federal Crop Insurance Act of 1980 was enacted, to identify States and commodities to which lack of participation in program is most serious, and to prepare findings and recommendations setting forth means by which participation in program could be increased and natural protection for producers of agricultural commodities could be improved, required Commission to submit an interim report to Congressional committees and Secretary of Agriculture, not later than Apr. 1, 1989, containing findings and recommendations for immediate administrative improvement in program, aimed at improving program in 1990 sales year, and a final report, not later than July 1, 1989, to include Commission's findings and recommendation and a status report on improvement of program, authorized Commission to continue to monitor program and to submit monthly reports beginning July 1, 1989, and ending Dec. 31, 1990, and terminated Commission on Dec. 31, 1990.

LOSS ADJUSTMENT OBLIGATIONS

Pub. L. 100-203, title I, §1507, Dec. 22, 1987, 101 Stat. 1330-29, provided that: “It is the sense of Congress that, in carrying out the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.), the Federal Crop Insurance Corporation—

“(1) should not be required to assume 100 percent of all loss adjustments in the Federal crop insurance program; and

“(2) should assume and perform the loss adjustment obligations of a reinsured company if the Corporation determines that such company's loss adjustment performance and practices are not carried out in accordance with the applicable reinsurance agreement.”

NOTICE TO PRODUCERS OF RIGHT TO ELECT SUBSIDIZED CROP INSURANCE OR DISASTER PAYMENTS ON 1981 CROPS

Section 202 of Pub. L. 96-365 provided that: “The Secretary of Agriculture, after consultation with the Board of Directors of the Federal Crop Insurance Corporation, shall, at least sixty days prior to the beginning of the planting of the 1981 crops of wheat, feed grains, upland cotton, and rice, or thirty days after the date of enactment of this Act [Sept. 26, 1980], whichever is the later, notify producers of those commodities of

their right to elect, with respect to the 1981 crop, between (1) declaring the farm acreage of the respective commodity eligible for disaster payments under the Agricultural Act of 1949 [7 U.S.C. 1421 et seq.], or (2) covering such farm acreage with crop insurance, part of the premium for which is paid by the Federal Crop Insurance Corporation under the provisions of section 508(b)(3) or 508(e) of the Federal Crop Insurance Act [subsec. (b)(3) or (e) of this section]. Such notice shall include a statement of the percent of crop insurance premium that will be paid by the Corporation.”

STUDY OF ALTERNATIVE ALL-RISK, ALL-CROP INSURANCE PROGRAMS

Pub. L. 95-181, § 2, Nov. 15, 1977, 91 Stat. 1373, provided that: “The Secretary of Agriculture shall undertake an immediate study of alternative programs which could be established for an all-risk, all-crop insurance to help provide protection to those suffering crop losses in floods, droughts, and other natural disasters, including alternative methods of administration, Federal assistance, reinsurance, rate setting and private insurance industry involvement, as well as variations on the existing crop insurance program, and such other matters as he determines are relevant, and shall report his findings and recommendations to the President for transmission to the Congress by March 1, 1978. The Secretary shall consult with the Secretary of Housing and Urban Development on behalf of the Federal Insurance Administration; the Secretary of Treasury and representatives of the private insurance industry in the course of the study and shall identify the views of each in forwarding his findings and recommendations to the President. Such sums, not exceeding \$200,000, as are appropriated for fiscal year 1978 under section 504 of the Federal Crop Insurance Act, as amended [section 1504 of this title], may be utilized to conduct such a study.”

VALIDITY AND TERMINATION OF PRIOR INSURANCE CONTRACTS

Section 5 of act Aug. 1, 1947, provided: “Nothing in this Act [amending sections 1502, 1505 (a to d), 1506(d), 1507(d), and 1508 (a to c) of this title] shall be construed to affect the validity of any insurance contract entered into prior to the enactment of this Act [Aug. 1, 1947] insofar as such contract covers the 1947 crop year. Any such contract which purports to cover a crop in the 1948 or any subsequent crop year in any county in which insurance on such crop will be discontinued pursuant to this Act is hereby terminated at the end of the 1947 crop year.”

CROSS REFERENCES

Amount in controversy, generally, see section 1332 of Title 28, Judiciary and Judicial Procedure.

Amount in controversy immaterial in action arising under Act regulating commerce, see section 1337 of Title 28.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1506, 1507, 1515, 1518, 2008f, 7211, 7333 of this title.

§ 1508a. Repealed. Pub. L. 103-354, title I, § 107, Oct. 13, 1994, 108 Stat. 3197

Section, act Feb. 16, 1938, ch. 30, title V, § 508A, as added Aug. 14, 1989, Pub. L. 101-82, title VI, § 604, 103 Stat. 587; amended Aug. 10, 1993, Pub. L. 103-66, title XIV, § 1403(b)(3), 107 Stat. 334, related to crop insurance yield coverage. See section 1508(g) of this title.

EFFECTIVE DATE OF REPEAL

Repeal effective Oct. 13, 1994, and applicable to provision of crop insurance under Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) beginning with 1995 crop year, with such Act, as in effect on the day before Oct. 13, 1994, to continue to apply with respect to 1994 crop year, see section 120 of Pub. L. 103-354, set out as an Ef-

fective Date of 1994 Amendment note under section 1502 of this title.

§ 1509. Exemption of indemnities from levy

Claims for indemnities under this chapter shall not be liable to attachment, levy, garnishment, or any other legal process before payment to the insured or to deduction on account of the indebtedness of the insured or the estate of the insured to the United States except claims of the United States or the Corporation arising under this chapter.

(Feb. 16, 1938, ch. 30, title V, § 509, 52 Stat. 75; Pub. L. 103-354, title I, § 115(c), Oct. 13, 1994, 108 Stat. 3204.)

AMENDMENTS

1994—Pub. L. 103-354 substituted “or the estate of the insured” for “or his estate”.

EFFECTIVE DATE OF 1994 AMENDMENT

Amendment by Pub. L. 103-354 effective Oct. 13, 1994, and applicable to provision of crop insurance under Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) beginning with 1995 crop year, with such Act, as in effect on the day before Oct. 13, 1994, to continue to apply with respect to 1994 crop year, see section 120 of Pub. L. 103-354, set out as a note under section 1502 of this title.

TRANSFER OF FUNCTIONS

Administration of program of Federal Crop Insurance Corporation transferred to Secretary of Agriculture by 1946 Reorg. Plan No. 3, § 501, eff. July 16, 1946, 11 F.R. 7877, 60 Stat. 1100. See note set out under section 1503 of this title.

Wartime consolidation of Federal Crop Insurance Corporation into Agricultural Conservation and Adjustment Administration, see note set out under section 1503 of this title.

FEDERAL RULES OF CIVIL PROCEDURE

Attachment and garnishment, see rules 64 and 70, Title 28, Appendix, Judiciary and Judicial Procedure.

§ 1510. Deposit and investment of funds; Federal Reserve banks as fiscal agents

All money of the Corporation not otherwise employed may be deposited with the Treasurer of the United States or in any bank approved by the Secretary of the Treasury, subject to withdrawal by the Corporation at any time, or with the approval of the Secretary of the Treasury may be invested in obligations of the United States or in obligations guaranteed as to principal and interest by the United States. Subject to the approval of the Secretary of the Treasury, the Federal Reserve banks are hereby authorized and directed to act as depositories, custodians, and fiscal agents for the Corporation in the performance of its powers conferred by this chapter.

(Feb. 16, 1938, ch. 30, title V, § 510, 52 Stat. 75.)

TRANSFER OF FUNCTIONS

Administration of program of Federal Crop Insurance Corporation transferred to Secretary of Agriculture by 1946 Reorg. Plan No. 3, § 501, eff. July 16, 1946, 11 F.R. 7877, 60 Stat. 1100. See note set out under section 1503 of this title.

Wartime consolidation of Federal Crop Insurance Corporation into Agricultural Conservation and Adjustment Administration, see note set out under section 1503 of this title.